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# ANNUAL REPORT TO STOCKHOLDERS

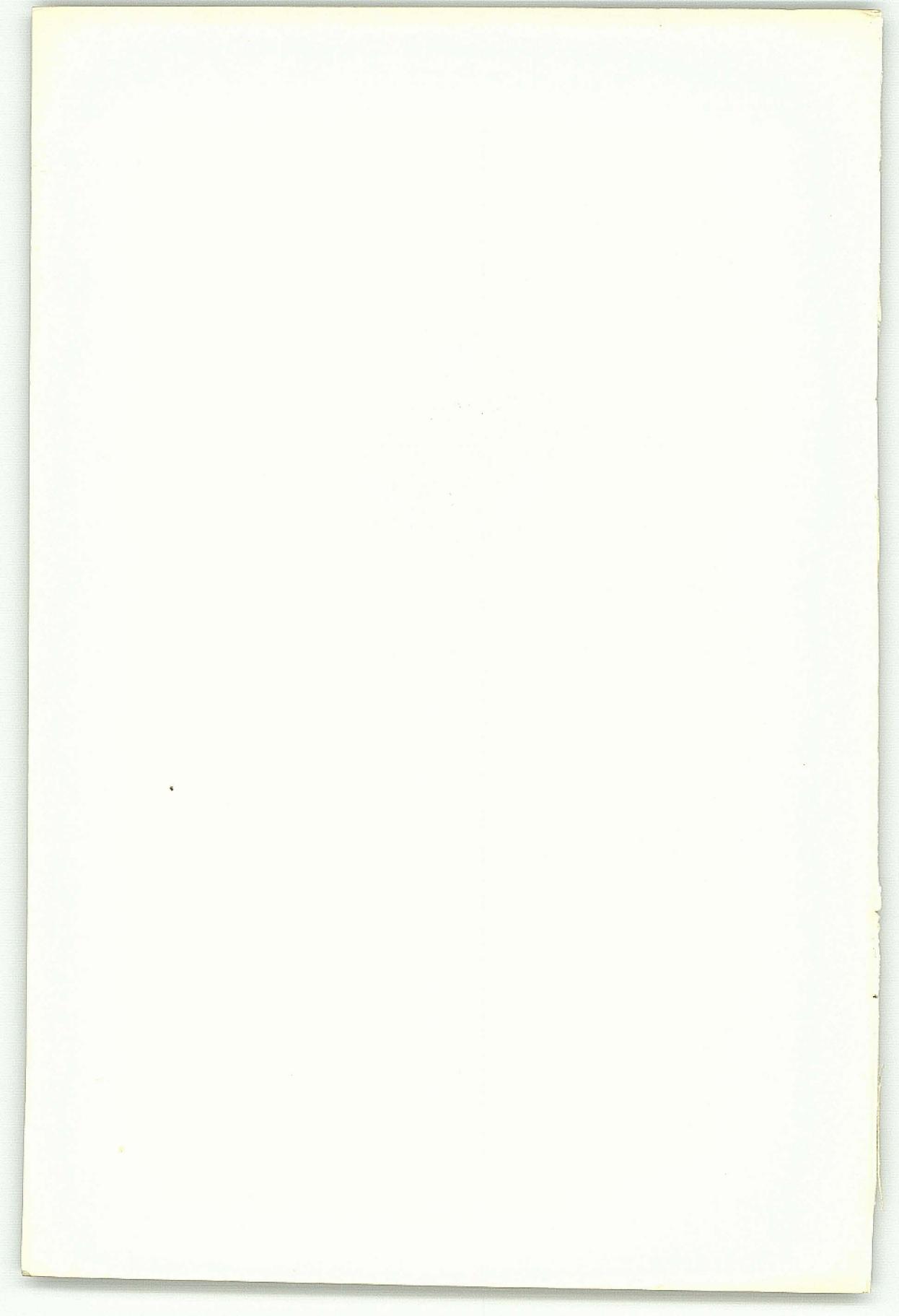


1948

THE COCA-COLA COMPANY  
NEW YORK, NEW YORK

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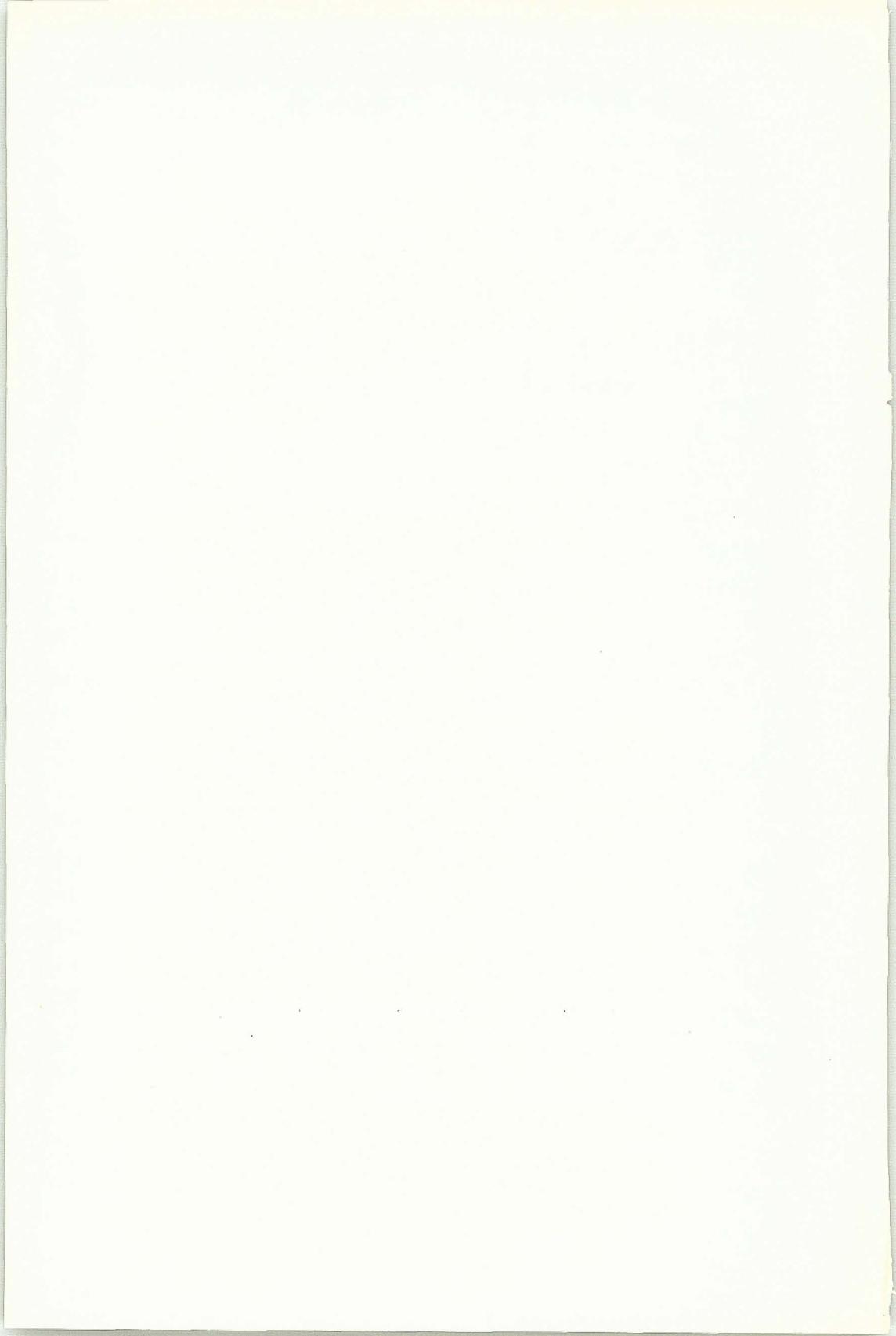
# ANNUAL REPORT

## THE COCA-COLA COMPANY AND ITS SUBSIDIARIES

\*

FOR THE YEAR  
1948

The annual meeting of the stockholders will be held on Monday, May 2, 1949. A formal notice of this meeting, together with proxy and proxy statement, will be mailed to each common stockholder on or about April 6, 1949, at which time proxies will be solicited by the management.



THE COCA-COLA COMPANY  
NEW YORK, NEW YORK

TO THE STOCKHOLDERS OF  
THE COCA-COLA COMPANY

Submitted herewith are the consolidated balance sheet and statement of operations for 1948. Net earnings applicable to common stock, after taxes, Class "A" dividends, reserves and all charges, were \$33,794,169.

Improved net earnings over the prior year resulted from greater sales volume, increased efficiency in manufacturing operations, and a significant, if modest, reduction in some material costs. Increased expenses, while reflecting the over-all increase in the cost of doing business, are very substantially accounted for by increased advertising and selling efforts undertaken in re-establishing our market position in the first full year following removal of wartime restrictions.

In March 1948, the Company held its first international convention with more than 5,000 in attendance from the United States and 42 other countries. Also, during the year, the Retirement Plan approved by stockholders was put into effect and more than 99% of the eligible employees of the Company and its subsidiaries are now members of this plan.

Substantial capital additions to production and distributing facilities undertaken in 1948, together with continued vigorous sales and promotion efforts, should aid materially in maintaining the new level of volume reached during the year.

Respectfully submitted,

WILLIAM J. HOBBS,  
*President.*

HARRISON JONES,  
*Chairman, Board of Directors.*

CONSOLIDATED  
THE COCA-COLA COMPANY AND I  
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ASSETS

CURRENT:

|  |                                       |
|--|---------------------------------------|
| Cash on deposit and on call . . . . .                                  | \$27,796,903.31                       |
| Government securities—at cost:   |                                       |
| United States and Canadian—  |                                       |
| (market value \$17,319,885.98) . . .                                   | 17,309,166.59                         |
| Accounts receivable—Trade—(less<br>allowance of \$51,414.20) . . . . . | 15,773,602.42                         |
| Inventory—Merchandise (priced at<br>lower of cost or market) . . . . . | <u>37,008,787.37</u> \$ 97,888,459.69 |

OTHER INVESTMENTS AND OTHER ASSETS:

|   |                                  |
|---|----------------------------------|
| Security investments—At cost (market<br>value \$605,598.75) . . . . . | \$ 545,101.90                    |
| Other receivables and miscellaneous . .                               | <u>5,840,203.42</u> 6,385,305.32 |

PROPERTY, PLANT AND EQUIPMENT—At cost:

|   |                                    |
|---|------------------------------------|
| Land . . . . .                          | \$ 3,715,706.95                    |
| Buildings . . . . .                     | 24,919,138.82                      |
| Machinery and equipment . . . . .       | 39,810,995.41                      |
| Containers . . . . .                    | <u>14,502,603.42</u>               |
|   | \$82,948,444.60                    |
| Less allowance for depreciation . . . . | <u>24,010,228.73</u> 58,938,215.87 |

FORMULAE, TRADE-MARK AND GOODWILL—At cost . . . . . 37,238,263.20

DEFERRED CHARGES . . . . . 4,510,338.32  
\$204,960,582.40

NOTE A—Assets of subsidiaries and branches located in foreign countries consolidated in this balance sheet consist of net current \$13,242,620.33, property, plant and equipment at depreciated cost \$14,652,726.85, and other assets \$3,359,821.52. Fixed assets are stated at rates of exchange prevailing at dates of acquisition and net current and all other assets at rates of exchange prevailing at December 31, 1948. Earned surplus includes \$19,129,430.03 accumulated earnings of such subsidiaries and branches consolidated herein.

BALANCE SHEET  
TS CONSOLIDATED SUBSIDIARIES  
as of December 31, 1948

LIABILITIES

CURRENT:

|   |                         |
|---|-------------------------|
| Accounts payable and accrued accounts . . . . .   | \$ 14,435,846.15        |
| Notes payable by subsidiaries . . . . .           | 2,888,572.45            |
| Accrued taxes—including taxes on income . . . . . | \$26,168,438.50         |
| Less U. S. Treasury tax notes . . . . .           | <u>16,552,821.40</u>    |
|   | 9,615,617.10            |
|   | <u>\$ 26,940,035.70</u> |

OTHER NOTES PAYABLE BY SUBSIDIARIES . . . . . 3,442,668.96

RESERVE:

|  |               |
|--|---------------|
| For contingencies and miscellaneous operations . . . . . | 25,796,551.89 |
| MINORITY INTERESTS IN SUBSIDIARIES . . . . .             | 2,269,123.97  |

CAPITAL STOCK:

|   |                 |
|---|-----------------|
| Class "A"—no par value:   |                 |
| \$3.00 preference cumulative dividends,<br>callable at \$52.50 per share, authorized<br>1,000,000 shares, outstanding<br>600,000 shares . . . . . | \$ 3,000,000.00 |

Common—no par value:

|                                       |                        |
|---------------------------------------|------------------------|
| Authorized . . . . . 5,000,000 shares |                        |
| Issued . . . . . 4,113,665 shares     | <u>25,710,406.25</u>   |
|                                       | <u>\$28,710,406.25</u> |

CAPITAL SURPLUS—Note C . . . . . 3,716,350.72

|                          |                         |
|--------------------------|-------------------------|
| EARNED SURPLUS . . . . . | 114,401,719.91          |
|                          | <u>\$146,828,476.88</u> |

|   |                         |                |
|---|-------------------------|----------------|
| Less 4,800 shares of common stock<br>owned by Company—at cost . . . . . | <u>316,275.00</u>       | 146,512,201.88 |
|   | <u>\$204,960,582.40</u> |                |

NOTE B—Certain foreign subsidiaries and branches were not consolidated during the years 1940 to 1947 inclusive (but were shown as "Investments in and Advances to Foreign Subsidiaries Not Consolidated"), because war conditions impeded the flow of financial data therefrom. These foreign operations are again consolidated this year.

NOTE C—The item of Capital Surplus was increased \$1,532.29 during the year as a result of transactions in the capital stock of subsidiaries.

**CONSOLIDATED PROFIT AND LOSS STATEMENT**  
**THE COCA-COLA COMPANY AND ITS CONSOLIDATED SUBSIDIARIES**  
**Year ended December 31, 1948**

|   |           |                                |
|---|-----------|--------------------------------|
| <b>GROSS PROFIT</b>   | . . . . . | <b>\$125,965,741.71</b>        |
| <b>EXPENSES</b>   |           |                                |
| Selling, administrative and general                                     | . . . . . | 65,503,472.29                  |
| <b>OPERATING PROFIT</b>   | . . . . . | <b>\$ 60,462,269.42</b>        |
| Other deductions  | . . . . . | \$ 3,179,000.41                |
| Less other income   | . . . . . | 2,092,919.17                   |
| <b>PROFIT BEFORE TAXES ON INCOME</b>                                    | . . . . . | <b>\$ 59,376,188.18</b>        |
| Provision for taxes on income—estimated:                                |           |                                |
| Federal, state and foreign income taxes                                 | . . . . . | \$23,745,969.76                |
| Less excess provision for prior years                                   | . . . . . | 215,969.76                     |
|   |           | <u>23,530,000.00</u>           |
|   |           | \$ 35,846,188.18               |
| Less portion of subsidiary earnings<br>applicable to minority interests | . . . . . | 252,018.62                     |
| <b>NET PROFIT</b>   | . . . . . | <b><u>\$ 35,594,169.56</u></b> |

NOTE A—Provision for depreciation of \$4,772,138.41 was charged to manufacturing and other expenses. Other deductions include interest paid \$208,564.23 and \$1,250,000.00 for addition to the reserve for contingencies and miscellaneous operations, against which reserve has been charged \$2,251,114.10 to reflect the amounts paid during the year for past service benefits under the employees' retirement plans in the United States and Canada.

NOTE B—Earnings during the year of foreign subsidiaries and branches consolidated, not remitted to the United States companies, amounted to \$5,887,313.67, which includes \$508,877.32 earnings of subsidiaries and branches not consolidated in the prior year.

**CONSOLIDATED EARNED SURPLUS ACCOUNT**  
**THE COCA-COLA COMPANY AND ITS CONSOLIDATED SUBSIDIARIES**  
**Year ended December 31, 1948**

|   |           |                         |
|---|-----------|-------------------------|
| <b>Balance—December 31, 1947</b>  | . . . . . | <b>\$100,128,983.20</b> |
| <b>Add:</b>   |           |                         |
| Net profit for the year ended December 31, 1948   | . . . . . | \$35,594,169.56         |
| Net income of certain foreign subsidiaries and<br>branches from date last included in consolidation<br>to December 31, 1947 | . . . . . | 1,022,892.15            |
|   |           | <u>36,617,061.71</u>    |
|   |           | \$136,746,044.91        |

**DEDUCTIONS**

Dividends paid in cash:

    CLASS "A":

|                                |           |               |
|--------------------------------|-----------|---------------|
| June 30, 1948—\$1.50 per share | . . . . . | \$ 900,000.00 |
| Dec. 14, 1948—\$1.50 per share | . . . . . | 900,000.00    |

    COMMON:

    Mar. 31, 1948—\$1.00 per share . . . . .

    June 30, 1948—\$1.00 per share . . . . .

    Sept. 30, 1948—\$1.00 per share . . . . .

    Dec. 14, 1948—\$1.00 per share . . . . .

    plus \$1.00 per share additional . . . . .

8,227,330.00

\$20,568,325.00

|   |           |           |               |
|---|-----------|-----------|---------------|
| Less dividends on 4,800 shares of<br>common stock owned by Company<br>during year | . . . . . | 24,000.00 | 20,544,325.00 |
|---|-----------|-----------|---------------|

**TOTAL DIVIDENDS PAID** . . . . .

22,344,325.00

**EARNED SURPLUS—DECEMBER 31, 1948** . . . . .

\$114,401,719.91

ERNST & ERNST  
ACCOUNTANTS AND AUDITORS  
SYSTEM SERVICE

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TO THE BOARD OF DIRECTORS  
THE COCA-COLA COMPANY  
New York, New York

We have examined the consolidated balance sheet of THE COCA-COLA COMPANY and its consolidated subsidiaries as of December 31, 1948 and the related statements of profit and loss and surplus for the year then ended. Our examination of the Company and its domestic subsidiaries was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Statements of foreign subsidiaries consolidated herein were furnished to us as certified by other independent accountants.

The statements for 1948 have been prepared on a basis consistent with those for the preceding year, except for the inclusion (with our approval) in 1948 of statements of subsidiaries and branches in certain foreign countries which were not included in consolidation for the years 1940 to 1947 inclusive, during which period the investment in and advances to these subsidiaries and branches were shown as a separate item in the balance sheet.

In our opinion, based upon our examination and the statements of foreign subsidiaries consolidated, above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of THE COCA-COLA COMPANY and its consolidated subsidiaries at December 31, 1948, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles.

ERNST & ERNST  
*Certified Public Accountants*

March 1, 1949

# THE COCA-COLA COMPANY

## BOARD OF DIRECTORS

HARRISON JONES, *Chairman*

|                         |                          |                  |
|-------------------------|--------------------------|------------------|
| A. A. ACKLIN            | MRS. L. P. EVANS         | E. W. STETSON    |
| C. H. CANDLER           | BERNARD F. GIMBEL        | D. A. TURNER     |
| W. C. D'ARCY (deceased) | J. N. GODDARD (deceased) | C. A. WICKERSHAM |
| R. R. DEUPREE           | WILLIAM J. HOBBS         | GEO. W. WOODRUFF |
| S. C. DOBBS             | J. P. ILLGES             | R. W. WOODRUFF   |
|                         | WINSHIP NUNNALLY         |                  |

## EXECUTIVE COMMITTEE

R. W. WOODRUFF, *Chairman*

|                         |                          |                  |
|-------------------------|--------------------------|------------------|
| C. H. CANDLER           | J. N. GODDARD (deceased) | C. A. WICKERSHAM |
| W. C. D'ARCY (deceased) | E. W. STETSON            | GEO. W. WOODRUFF |
|                         | D. A. TURNER             |                  |

A. A. ACKLIN, *Chairman, Advisory Committee*

## OFFICERS

|                            |                |
|----------------------------|----------------|
| WILLIAM J. HOBBS . . . . . | President      |
| FELIX W. COSTE . . . . .   | Vice-President |
| W. R. FELTON . . . . .     | Vice-President |
| EDGAR J. FORIO . . . . .   | Vice-President |
| R. C. FOWLER . . . . .     | Vice-President |
| B. NEAL HARRIS . . . . .   | Vice-President |
| O. E. MAY . . . . .        | Vice-President |
| H. B. NICHOLSON . . . . .  | Vice-President |
| HAROLD S. SHARP . . . . .  | Vice-President |
| JOHN C. STATON . . . . .   | Vice-President |
| A. N. STEELE . . . . .     | Vice-President |
| T. CARL THOMPSON . . . . . | Vice-President |
| E. LEE TALMAN . . . . .    | Treasurer      |
| JOHN D. GOODLOE . . . . .  | Secretary      |

## COUNSEL

POPE F. BROCK

## TRANSFER AGENTS

WILMINGTON TRUST COMPANY  
*Wilmington, Delaware*

GUARANTY TRUST COMPANY OF NEW YORK  
*New York, N. Y.*

## REGISTRARS

EQUITABLE TRUST COMPANY  
*Wilmington, Delaware*

CHASE NATIONAL BANK  
*New York, N. Y.*

